

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Retirement System	Ken Nakatsu / 615-1423	

Legislation Title: AN ORDINANCE relating to the Seattle Retirement System; making changes to conform with the Internal Revenue Code; making technical corrections; amending Sections 4.36.040, 4.36.193 and 4.36.385, and repealing Section 4.36.285 of the Seattle Municipal Code; and ratifying and confirming certain acts.

Summary of the Legislation: This legislation adds necessary technical amendments mandated by the Internal Revenue Code and Treasury Regulations to maintain the Retirement Fund's tax qualified status. None of the amendments makes any substantive changes to members' benefits.

Background: From time to time, the Seattle Municipal Code must be updated to conform to changes in the Internal Revenue Code and Treasury Regulations in order to maintain the tax-qualified status of the Retirement System. The Seattle Municipal Code currently permits a mandatory withdrawal of a member's contributions if the Retirement Board finds that the member has been terminated due to intemperance, willful misconduct or violation of law. Under the Internal Revenue Code, such a mandatory withdrawal requires the Retirement System to rollover such contributions into an Individual Retirement Account if the amount exceeds \$1,000 and the member has not elected to receive the distribution or specified that payment be made to another recipient plan. The legislation allows the Board to set up IRAs for such purposes. The legislation also makes technical additions that will allow the Retirement System to secure a determination from the Internal Revenue Service that the System is in compliance with Internal Revenue Code requirements to maintain the system's tax-qualified status. None of the amendments in this legislation makes any substantive changes to members' benefits.

Please check one of the following:

X This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Appropriations:

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not supported by revenue/reimbursements, please confirm that there is available fund balance to cover this appropriation in the note section.)

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
TOTAL				

Revenue/Reimbursement Notes:

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

(This table should only reflect the actual number of positions affected by this legislation. In the event that positions have been, or will be, created as a result of other legislation, please provide details in the Notes section below the table.)

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
TOTAL							

** 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.*

Position Notes:

Do positions sunset in the future?

(If yes, identify sunset date)

Spending/Cash Flow:

(This table should be completed only in those cases where part or all of the funds authorized by this legislation will be spent in a different year than when they were appropriated (e.g., as in the case of certain grants and capital projects). Details surrounding spending that will occur in future years should be provided in the Notes section below the table.)

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes:

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

No.

b) What is the financial cost of not implementing the legislation?

Non-conformance with the Internal Revenue Code could result in all benefits under the system being subject to immediate federal income taxation.

c) Does this legislation affect any departments besides the originating department?

No.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives.

There are none.

e) Is a public hearing required for this legislation?

No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below: